

OPEN MEETING

MEMORANDUM

TO: THE COMMISSION

FROM: Utilities Division

DATE: December 31, 2019

Re: IN THE MATTER OF THE JOINT APPLICATION OF UNS ELECTRIC, INC. AND MOHAVE ELECTRIC COOPERATIVE, INCORPORATED FOR AN ORDER APPROVING A BORDERLINE AGREEMENT. (DOCKET NOS. E-04204A-19-0296 AND E-01750A-19-0296)

INTRODUCTION

Enclosed are the Commission Staff's memorandum and proposed order for the Matter of the Joint Application of UNS Electric, Inc. and Mohave Electric Cooperative, Incorporated for an Order Approving a Borderline Agreement (Docket Nos. E-04204A-19-0296 and E-01750A-19-0296). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by filing an original and thirteen (13) copies of the comments with the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona 85007 by 4:00 p.m. on or before **January 10, 2020**.

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **January 14, 2019**, at 10:00 a.m. and **January 15, 2019, at 10:00 a.m.**

If you have any questions about this matter, please contact Candrea Allen of our Staff at (602) 364-0235, or Elijah Abinah, Director, at (602) 542-6935.

BACKGROUND

Mohave Electric Cooperative, Inc. ("Mohave") is a member-owned electric distribution cooperative that provides service within portions of Mohave, Yavapai, and Coconino Counties, Arizona. UNS Electric, Inc. ("UNSE") is an electric public service corporation that provides generation, transmission, and distribution service within portions of Mohave and Santa Cruz Counties, Arizona.

On November 26, 2019, Mohave and UNSE filed a Joint Application ("Application") requesting approval of a borderline agreement for UNSE to provide electric service to a Residential Property ("Property"), located in Kingman, Arizona. The Property is located within Mohave's service territory.

APPLICATION

According to the application, the Property is located within Mohave's service territory, and Mohave's facilities are located approximately 1.5 miles from the Property, and the cost for Mohave to

THE COMMISSION

December 31, 2019

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provide a line extension to the Property is estimated to be between \$75,000 and \$85,000, not including any cost of obtaining required permits. However, UNSE has a distribution line approximately 0.2 miles from the Property and can provide service for an estimated cost of \$7,000.

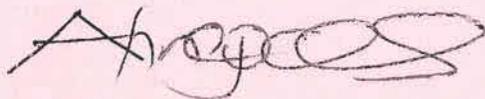
UNSE and Mohave have entered into an Electric Service Authorization Agreement ("Agreement") which obligates UNSE to provide service subject to the following: 1) The Commission issue an order approving the Agreement; 2) Customer executes a line extension agreement and complies with its terms; and 3) Customer pays all applicable deposits, fees, rates and charges associated with the line extension agreement for the requested class of service approved by the Commission for UNSE's retail customers.

In the event that Mohave determines it is economically feasible for Mohave to provide electric service to the Property, Mohave will: 1) provide UNSE and the Customer written notice no less than 90 calendar days prior to Mohave providing service to the Property; and 2) coordinate with UNSE for the exchange of service, including transferring any facilities paid for by the Customer and dedicated to providing service exclusively to the Property, at no cost to Mohave. In addition, the transfer of facilities will not include transformers or other facilities located on UNSE's lines which will be retained by UNSE.

In the event that no customer has taken service within the Property for six or more consecutive months, UNSE may cease offering service to the Property upon providing the Customer/landowner and Mohave no less than 90 days written notice. Thereafter, UNSE shall have no further obligation to offer service to the Property, unless otherwise ordered by the Commission. Mohave has no outstanding line extension agreement with the Property or Customer, and there are no easements or rights-of-ways to be transferred to UNSE. The Customer will be charged the applicable Commission-approved rates by UNSE.

RECOMMENDATIONS

Staff believes that the borderline agreement between Mohave and UNSE is a reasonable solution to allow extension of electric service to the Property and is in the public interest. Therefore, Staff recommends approval of the borderline agreement between Mohave and UNSE. In addition, Staff recommends that the Commission specify in its Order that approval of the borderline agreement at this time does not guarantee any future ratemaking treatment of the borderline agreement between Mohave and UNSE.



Elijah O. Abinah
Director
Utilities Division

EOA:CLA:elr\PRP

ORIGINATOR: Candrea Allen

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On this 31st day of December, 2019, the foregoing document was filed with Docket Control as a Utilities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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Edna Luna-Reza
Administrative Support Specialist

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BEFORE THE ARIZONA CORPORATION COMMISSION

ROBERT "BOB" BURNS
Chairman
BOYD DUNN
Commissioner
SANDRA D. KENNEDY
Commissioner
JUSTIN OLSON
Commissioner
LEA MÁRQUEZ PETERSON
Commissioner

IN THE MATTER OF THE JOINT
APPLICATION OF UNS ELECTRIC, INC.
AND MOHAVE ELECTRIC
COOPERATIVE, INCORPORATED FOR
AN ORDER APPROVING A BORDERLINE
AGREEMENT.

DOCKET NOS. E-04204A-19-0296
E-01750A-19-0296
DECISION NO. _____
ORDER

Open Meeting
January 14 and 15, 2020
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Mohave Electric Cooperative, Inc. ("Mohave") and UNS Electric, Inc. ("UNSE") are certificated to provide electric service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

Background

2. Mohave is a member-owned electric distribution cooperative that provides service within portions of Mohave, Yavapai, and Coconino Counties, Arizona. UNSE is an electric public service corporation that provides generation, transmission, and distribution service within portions of Mohave and Santa Cruz Counties, Arizona.

3. On November 26, 2019, Mohave and UNSE filed a Joint Application ("Application") requesting approval of a borderline agreement for UNSE to provide electric service to a Residential Property ("Property"), located in Kingman, Arizona. The Property is located within Mohave's service territory.

...

1 **Application**

2 4. According to the application, the Property is located within Mohave's service
3 territory, and Mohave's facilities are located approximately 1.5 miles from the Property, and the cost
4 for Mohave to provide a line extension to the Property is estimated to be between \$75,000 and
5 \$85,000, not including any cost of obtaining required permits. However, UNSE has a distribution
6 line approximately 0.2 miles from the Property and can provide service for an estimated cost of
7 \$7,000.

8 5. UNSE and Mohave have entered into an Electric Service Authorization Agreement
9 ("Agreement") which obligates UNSE to provide service subject to the following: 1) The
10 Commission issue an order approving the Agreement; 2) Customer executes a line extension
11 agreement and complies with its terms; and 3) Customer pays all applicable deposits, fees, rates and
12 charges associated with the line extension agreement for the requested class of service approved by
13 the Commission for UNSE's retail customers.

14 6. In the event that Mohave determines it is economically feasible for Mohave to
15 provide electric service to the Property, Mohave will: 1) provide UNSE and the Customer written
16 notice no less than 90 calendar days prior to Mohave providing service to the Property; and 2)
17 coordinate with UNSE for the exchange of service, including transferring any facilities paid for by
18 the Customer and dedicated to providing service exclusively to the Property, at no cost to Mohave.
19 In addition, the transfer of facilities will not include transformers or other facilities located on
20 UNSE's lines which will be retained by UNSE.

21 7. In the event that no customer has taken service within the Property for six or more
22 consecutive months, UNSE may cease offering service to the Property upon providing the
23 Customer/landowner and Mohave no less than 90 days written notice. Thereafter, UNSE shall have
24 no further obligation to offer service to the Property, unless otherwise ordered by the Commission.
25 Mohave has no outstanding line extension agreement with the Property or Customer, and there are
26 no easements or rights-of-ways to be transferred to UNSE. The Customer will be charged the
27 applicable Commission-approved rates by UNSE.

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IT IS FURTHER ORDERED that approval of the borderline agreement at this time does not guarantee any future ratemaking treatment of the borderline agreement between Mohave Electric Cooperative, Inc. and UNS Electric, Inc.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN BURNS COMMISSIONER DUNN COMMISSIONER KENNEDY

COMMISSIONER OLSON COMMISSIONER MÁRQUEZ PETERSON

IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2020.

MATTHEW J. NEUBERT
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

EOA:CLA:elr/PRP

1 Mohave Electric Cooperative, Inc. and UNS Electric, Inc.
2 Docket Nos. E-01750A-19-0296 and E-04204A-19-0296

3 Megan DeCorse
4 UNS Electric, Inc.
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7 Post Office Box 711
8 Tucson, Arizona 85702

9 William Sullivan
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11 3240 East Union Hills Drive, Suite 117
12 Phoenix, Arizona 85050

13 Robin Mitchell
14 Director/Chief Counsel, Legal Division
15 Arizona Corporation Commission
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17 Phoenix, Arizona 85007
18 legaldiv@azcc.gov
19 utildivservicebyemail@azcc.gov
20 **Consented to Service by Email**

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